

OFFICE OF FOREIGN ASSETS CONTROL

**IRANIAN TRANSACTIONS REGULATIONS
(31 C.F.R. PART 560)**

GUIDANCE ON SPONSORSHIP OF CERTAIN CONFERENCES

SUMMARY

- Except as otherwise authorized by general or specific licenses, the Iranian Transactions Regulations, 31 C.F.R. Part 560 (the "ITR"), prohibit sponsorship by U.S. persons (as defined in ITR § 560.314) of conferences, or events at conferences, organized or co-organized by the Government of Iran (as defined in ITR §§ 560.304 and 560.313) or persons in Iran.
- In the case of two conferences on the Iranian oil and gas industry - one held in a third country and one held in Tehran - co-organized by an entity of the Government of Iran and third-country nationals, it was determined to be contrary to current U.S. foreign policy to authorize a U.S. oil company to be a corporate sponsor of the conferences or events at the conferences, and a license request, accordingly, was denied.

FACTUAL CONTEXT

This guidance was developed in response to several inquiries received by the Office of Foreign Assets Control ("OFAC") on the applicability of the ITR to sponsorship by United States persons of conferences organized or co-organized by the Government of Iran or persons in Iran. Specifically, OFAC received requests for guidance as to whether, in the absence of a license from OFAC, the ITR prohibit corporate sponsorship by U.S. oil companies of:

1. A conference in Tehran on issues pertaining to the Iranian petroleum industry that was to be jointly organized by third-country nationals and an entity of the Government of Iran; or

2. A major event at a conference on the Iranian oil, gas and petrochemical industries, where the conference was being held in a third country (i.e., outside Iran and the United States) and was to be jointly organized by a third-country national and an entity of the Government of Iran.

GUIDANCE

Executive Order 13059 of August 19, 1997 (the "Order") and the ITR prohibit any sponsorship by U.S. persons of conferences that are organized or co-organized by an entity of the Government of Iran or a person in Iran. Moreover, even if a U.S. person is not an official conference sponsor or co-sponsor, the U.S. person's sponsorship of a major event at such a conference is prohibited.

United States persons, wherever located, are prohibited from providing services to persons in Iran or the Government of Iran or where the benefit of such services is otherwise received in Iran. Order, § 1; ITR, §§ 560.204, 560.410. The ITR specify that the benefit of services performed anywhere in the world on behalf of the Government of Iran is presumed to be received in Iran. ITR, § 560.410(b). The Order and ITR also prohibit U.S. persons, wherever located, from engaging in any transaction or dealing in or related to services for exportation, reexportation, sale or supply, directly or indirectly, to Iran or the Government of Iran. Order, § 2(d); ITR, § 560.206. In addition, no U.S. person, wherever located, may finance or facilitate any transaction by a foreign person that would be prohibited if performed by a U.S. person or within the United States. Order, § 2(e); ITR, § 560.208.

In the case of the two factual patterns described earlier, corporate sponsorship by a U.S. oil company falls within the scope of the abovementioned ITR prohibitions. The activities in which the companies sought to engage would involve a U.S. oil company's financing of conferences, or of activities at conferences, jointly organized by an entity of the Government of Iran and attended by Iranian government representatives. This alone constitutes the provision of services to Iran or the Government of Iran.¹ Moreover, while representatives of U.S. oil companies who participate in these conferences may be under instructions to observe the constraints of the ITR (including

¹ The conclusion would be the same if these conferences were organized or co-organized by a private entity in Iran instead of by an Iranian government entity.

the limitation of the exemption in ITR § 560.210(c) to information and informational materials fully created and in existence at the date of the transactions), participants who are not U.S. persons are under no such constraints; and to the extent that such non-U.S. participants provide consulting or other business services to Iran, the U.S. oil companies would be facilitating such transactions by their financial sponsorship of the conferences in question. In addition, sponsorship of a conference taking place in Tehran would entail transactions or dealings in or related to goods or services of Iranian origin or owned or controlled by the Government of Iran, in violation of ITR § 560.206(a)(1).

Insofar as it describes transactions prohibited by the ITR in the absence of a specific license, this guidance applies not only to conferences on the Iranian oil and gas industry, but also to any conferences organized or co-organized by the Government of Iran or a person in Iran. With regard solely to the two conferences on the Iranian oil and gas industry described above, it is inconsistent with current U.S. foreign policy for OFAC to authorize a U.S. oil company to be a corporate sponsor of the conferences or of individual events at the conferences. Accordingly, under current policy, a request for a specific license authorizing such transactions would be denied.

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